



QUARTERLY STATEMENT

AS OF JUNE 30, 2009

OF THE CONDITION AND AFFAIRS OF THE

Physicians Health Plan of South Michigan

NAIC Group Code 0000 , NAIC Company Code 52564 Employer's ID Number 38-3311905

(Current Period) (Prior Period)

Organized under the Laws of Michigan , State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as business type:

Life, Accident and Health [ ] Property/Casualty [ ] Hospital, Medical and Dental Service or Indemnity [ ]  
Dental Service Corporation [ ] Vision Service Corporation [ ] Other [ ]  
Health Maintenance Organization [ X ] Is HMO Federally Qualified? Yes ( ) No (X)

Incorporated/Organized April 17, 1996 Commenced Business May 1, 2000

Statutory Home Office One Jackson Square, 8th Floor, Jackson, Michigan 49201

(Street and Number, City or Town, State and Zip Code)

Main Administrative Office One Jackson Square, 8th Floor, Jackson, Michigan 49201 800-428-7163

(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address One Jackson Square, 8th Floor, Jackson, Michigan 49201

(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records One Jackson Square, 8th Floor, Jackson, Michigan 49201

(Street and Number, City or Town, State and Zip Code)

800-428-7163

(Area Code) (Telephone Number)

Internet Website Address phpcares.com

Statutory Statement Contact David W Rockey 517-841-7429

(Name) (Area Code) (Telephone Number) (Extension)

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(E-Mail Address) (Fax Number)

OFFICERS

Wynn Hazen (Interim President)  
Jeanne' Wickens (Secretary/Treasurer)  
Wynn Hazen (Interim CFO)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Georgia Fojtasek  
Michael Shore  
Ray King, MD

State of Michigan }  
County of Jackson } SS

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Wynn Hazen Interim President Jeanne' Wickens Secretary/Treasurer Wynn Hazen Interim CFO

Subscribed and sworn to before me this day of

a. Is this an original filing? Yes (X) No ( )

b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

ASSETS

	Current Statement Date			4  Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3 Net Admitted Assets (Col. 1 minus Col. 2)	
1. Bonds .....	1,523,503		1,523,503	1,969,803
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... (76,544) ), cash equivalents (\$ ..... 861,427 ) and short-term investments (\$ ..... 2,271,172 ) .....	3,056,055		3,056,055	4,203,382
6. Contract loans (including \$ ..... premium notes) .....				
7. Other invested assets .....				
8. Receivables for securities .....				
9. Aggregate write-ins for invested assets .....	15,682	(18,866)	34,548	
10. Subtotals, cash and invested assets (Line 1 to Line 9) .....	4,595,240	(18,866)	4,614,106	6,173,185
11. Title plants less \$ ..... charged off (for Title insurers only) .....				
12. Investment income due and accrued .....				
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	13,699	13,699		3,175
13.2 Deferred premiums , agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
13.3 Accrued retrospective premiums .....				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....				
14.2 Funds held by or deposited with reinsured companies .....				
14.3 Other amounts receivable under reinsurance contracts .....				
15. Amounts receivable relating to uninsured plans .....				
16.1 Current federal and foreign income tax recoverable and interest thereon .....				
16.2 Net deferred tax asset .....				
17. Guaranty funds receivable or on deposit .....				
18. Electronic data processing equipment and software .....	33,721	33,721		
19. Furniture and equipment , including health care delivery assets (\$ ..... ) .....	60,361	60,361		
20. Net adjustment in assets and liabilities due to foreign exchange rates .....				
21. Receivables from parent , subsidiaries and affiliates .....	10	10		648,989
22. Health care (\$ ..... 190,277 ) and other amounts receivable .....	190,277	49,235	141,042	1,346,898
23. Aggregate write-ins for other than invested assets .....	32,258		32,258	
24. Total assets excluding Separate Accounts , Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23) .....	4,925,566	138,160	4,787,406	8,172,247
25. From Separate Accounts , Segregated Accounts and Protected Cell Accounts .....				
26. Totals (Line 24 and Line 25) .....	4,925,566	138,160	4,787,406	8,172,247
DETAILS OF WRITE-INS				
0901. Unrealized gain on long term investments .....	34,548		34,548	
0902. Allowance for Bad Debt .....	(18,866)	(18,866)		
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) .....	15,682	(18,866)	34,548	
2301. Prepaid expenses .....	32,258		32,258	
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	32,258		32,258	

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ ..... reinsurance ceded) .....	114,212		114,212	425,501
2. Accrued medical incentive pool and bonus amounts .....	(3,161)		(3,161)	440,146
3. Unpaid claims adjustment expenses .....				
4. Aggregate health policy reserves .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserve .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....				
9. General expenses due or accrued .....	696,917		696,917	1,645,792
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....	8,076		8,076	8,532
13. Remittances and items not allocated .....				
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....				
15. Amounts due to parent , subsidiaries and affiliates .....	23,786		23,786	55,498
16. Payable for securities .....				
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
18. Reinsurance in unauthorized companies .....				
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Liability for amounts held under uninsured plans .....				
21. Aggregate write-ins for other liabilities (including \$ ..... current) .....				
22. Total liabilities (Line 1 to Line 21) .....	839,830		839,830	2,575,469
23. Aggregate write-ins for special surplus funds .....	XXX	XXX		
24. Common capital stock .....	XXX	XXX		
25. Preferred capital stock .....	XXX	XXX		
26. Gross paid in and contributed surplus .....	XXX	XXX	8,888,193	10,888,193
27. Surplus notes .....	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds .....	XXX	XXX		
29. Unassigned funds (surplus) .....	XXX	XXX	(4,940,617)	(5,291,415)
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24 \$ ..... ) .....	XXX	XXX		
30.2 ..... shares preferred (value included in Line 25 \$ ..... ) .....	XXX	XXX		
31. Total capital and surplus (Line 23 to Line 29 minus Line 30) .....	XXX	XXX	3,947,576	5,596,778
32. Total Liabilities, capital and surplus (Line 22 and Line 31) .....	XXX	XXX	4,787,406	8,172,247
DETAILS OF WRITE-INS				
2101. ....				
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page .....				
2199. Totals (Line 2101 through Line 2103 plus Line 2198) (Line 21 above) .....				
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	XXX	XXX		
2801. Unrealized gain/loss on investment equity .....	XXX	XXX		
2802. ....	XXX	XXX		
2803. ....	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page .....	XXX	XXX		
2899. Totals (Line 2801 through Line 2803 plus Line 2898) (Line 28 above) .....	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months .....	X X X			17,585
2. Net premium income (including \$ ..... non-health premium income) .....	X X X	6,052		5,217,697
3. Change in unearned premium reserves and reserve for rate credits .....	X X X			
4. Fee-for-service (net of \$ ..... medical expenses) .....	X X X			648,082
5. Risk revenue .....	X X X			
6. Aggregate write-ins for other health care related revenues .....	X X X			(52,342)
7. Aggregate write-ins for other non-health revenues .....	X X X			
8. Total revenues (Line 2 to Line 7) .....	X X X	6,052		5,813,437
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		3,425		5,001,804
10. Other professional services .....				5,820
11. Outside referrals .....				
12. Emergency room and out-of-area .....				141,064
13. Prescription drugs .....		(180,948)		755,359
14. Aggregate write-ins for other hospital and medical .....		239,158		(1,005,474)
15. Incentive pool, withhold adjustments and bonus amounts .....				
16. Subtotal (Line 9 to Line 15) .....		61,635		4,898,573
<b>Less:</b>				
17. Net reinsurance recoveries .....				27,261
18. Total hospital and medical (Line 16 minus Line 17) .....		61,635		4,871,312
19. Non-health claims (net) .....				
20. Claims adjustment expenses, including \$ ..... 30,988 cost containment expenses .....		282,589		1,759,058
21. General administrative expenses .....		397,485		2,583,216
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....				
23. Total underwriting deductions (Line 18 through Line 22) .....		741,709		9,213,586
24. Net underwriting gain or (loss) (Line 8 minus Line 23) .....	X X X	(735,657)		(3,400,149)
25. Net investment income earned .....		83,918		285,082
26. Net realized capital gains (losses) less capital gains tax of \$ .....				43,160
27. Net investment gains (losses) (Line 25 plus Line 26) .....		83,918		328,242
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )]. .....				
29. Aggregate write-ins for other income or expenses .....				
30. Net income or (loss) after capital gains tax and before all other federal income taxes ..... (Line 24 plus Line 27 plus Line 28 plus Line 29) .....	X X X	(651,739)		(3,071,907)
31. Federal and foreign income taxes incurred .....	X X X			
32. Net income (loss) (Line 30 minus Line 31) .....	X X X	(651,739)		(3,071,907)
<b>DETAILS OF WRITE-INS</b>				
0601. bad debt expense .....	X X X			(52,342)
0602. ....	X X X			
0603. ....	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X			
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....	X X X			(52,342)
0701. ....	X X X			
0702. ....	X X X			
0703. ....	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X			
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above) .....	X X X			
1401. Other Medical costs .....		411,285		
1402. COB and subrogation savings .....		(172,127)		(1,005,474)
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....				
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....		239,158		(1,005,474)
2901. Loss, disposal of fixed assets .....				
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....				
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....				

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
33. Capital and surplus prior reporting year .....	5,596,778		7,737,421
34. Net income (loss) from Line 32 .....	(651,739)		(3,071,907)
35. Change in valuation basis of aggregate policy and claims reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....			
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....			
39. Change in nonadmitted assets .....			931,264
40. Change in unauthorized reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....			
43. Cumulative effect of changes in accounting principles .....			
44. Capital Changes:			
44.1 Paid in .....			
44.2 Transferred from surplus (Stock Dividend) .....			
44.3 Transferred to surplus .....			
45. Surplus adjustments:			
45.1 Paid in .....			
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Tranferred from capital .....			
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....	609,873		
48. Net change in capital and surplus (Line 34 to Line 47) .....	(41,866)		(2,140,643)
49. Capital and surplus end of reporting period (Line 33 plus Line 48) .....	5,554,912		5,596,778
DETAILS OF WRITE-INS			
4701. ....			
4702. ....			
4703. Correction to 2008 Capital & Surplus .....	609,873		
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....	609,873		

CASH FLOW

	1	2
	Current Year To Date	Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance		5,556,239
2. Net investment income	83,918	370,899
3. Miscellaneous income		648,082
4. Total (Line 1 through Line 3)	83,918	6,575,220
5. Benefit and loss related payments	6,675	14,768,739
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	142,733	3,017,565
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Line 5 through Line9)	149,408	17,786,304
11. Net cash from operations (Line 4 minus Line 10)	(65,490)	(11,211,084)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	440,000	2,409,435
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	440,000	2,409,435
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)		
14. Net increase or (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	440,000	2,409,435
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	(2,000,000)	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	478,163	
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(1,521,837)	
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(1,147,327)	(8,801,649)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	4,203,382	13,005,031
19.2 End of period (Line 18 plus Line 19.1)	3,056,055	4,203,382

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1  Total	Comprehensive (Hospital and Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Other
		2  Individual	3  Group							
Total Members at end of:										
1. Prior Year .....										
2. First Quarter .....										
3. Second Quarter .....										
4. Third Quarter .....										
5. Current Year .....										
6. Current Year Member Months .....										
Total Member Ambulatory Encounters for Period:										
7. Physician .....										
8. Non-Physician .....										
9. Total .....										
10. Hospital Patient Days Incurred .....										
11. Number of Inpatient Admissions .....										
12. Health Premiums Written (a) .....										
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....										
15. Health Premiums Earned .....										
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....										
18. Amount Incurred for Provision of Health Care Services .....	61,635		61,635							

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Individually listed claims unpaid						
0199999 - Individually listed claims unpaid						
0399999 - Aggregate accounts not individually listed-covered		114,212				114,212
0499999 - Subtotals		114,212				114,212
0799999 - Total claims unpaid						114,212
0899999 - Accrued medical incentive pool and bonus amounts						(3,161)



UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 plus 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid December 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	471,839		114,212		586,051	425,500
2. Medicare Supplement .....						
3. Dental only .....						
4. Vision only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....						
7. Title XIX - Medicaid .....						
8. Other health .....						
9. Health subtotal (Line 1 to Line 8) .....	471,839		114,212		586,051	425,500
10. Healthcare recievables (a) .....						
11. Other non-health .....						
12. Medical incentive pools and bonus amounts .....	344,391		(3,161)		341,230	440,146
13. Totals .....	816,230		111,051		927,281	865,646

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 1 - Summary of Significant Accounting Policies**

The financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services (OFIS) and the National Association of Insurance Commissioners (the NAIC). These practices differ in some respects from generally accepted accounting principles (GAAP). Certain assets are considered non-admitted for statutory purposes and are excluded from the balance sheet. These non-admitted assets have been allocated to retained earnings (deficit) in the financial statements.

**Cash and Cash Equivalents** – Cash and cash equivalents include operating cash and short-term investments with original maturities of one year or less at the time of purchase. These amounts are reported at cost, which approximates fair value.

**Investments** – Debt securities consist of bonds that are carried at amortized cost. The cost of bonds is adjusted for amortization of premiums and discounts to maturity using a level-yield method. Realized gains and losses are determined using the specific identification method and are included in operations. The fair value of investments is determined based upon quoted market prices.

**Property and Equipment** - Property and equipment are carried at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the assets.

**Health Care Costs** – Health care costs include claims paid, claims in process and pending and estimated unreported claims and charges by physicians, hospitals and other health care providers for services rendered to members during prior years. Adjustments to prior period estimates are reported in the current period, and changes in these estimates may be significant. Given the nature of these expenses, amounts accrued at year-end are paid predominantly in the following year. Claims payable are determined using statistical analyses and represent estimates of the ultimate net cost of all reported and unreported claims that are unpaid at the end of each accounting period. Although it is not possible to measure the degree of variability inherent in such estimates, management believes the liabilities for claims are adequate.

**Premiums** – No new medical policy premiums will be generated in 2009. Amounts reported reflect adjustments to prior (pre-2009) periods.

**Use of Estimates** – The preparation of financial statements in conformity with accounting practices prescribed and permitted by OFIS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

### **Note 2 - Accounting Changes and Corrections of Errors**

Not Applicable

### **Note 3 - Business Combinations and Goodwill**

Not Applicable

### **Note 4 - Discontinued Operation**

Effective June 30, 2007, PHPSM announced it had entered into a series of agreements that will transition all of its membership to Priority Health or other health

## NOTES TO FINANCIAL STATEMENTS

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benefit organizations.

PHPSM began transitioning members in September 2007 and serviced its last active member in August 2008. PHPSM is now operating in a run-out mode and anticipates it will relinquish its HMO license during 2009.

### **Note 5 - Investments**

Not Applicable

### **Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

Not Applicable

### **Note 7 – Investment Income**

All income due and accrued has been included in the filing.

### **Note 8 – Derivative Instruments**

Not Applicable

### **Note 9 - Income Taxes**

PHPSM is not subject to income taxes.

### **Note 10 – Information Concerning Parent, Subsidiaries and Affiliates**

PHPSM is a wholly owned subsidiary of Allegiance Health System (formerly known as Foote Health System), which has contributed capital to PHPSM of \$10,888,193 since its inception in 2000. In 2009 \$2,000,000 of capital was returned to Allegiance Health System, leaving a balance of \$8,888,193 in contributed capital.

PHPSM has a provider agreement with Allegiance Health (Allegiance), an affiliated entity. Allegiance provides inpatient and outpatient hospital services to PHPSM members under the terms of this annually renewable contract. Total payments to Allegiance for hospital and physician services were \$4,633,780 in 2008.

The Company leases its employees from Allegiance through an administrative services agreement.

PHPSM exited from membership of PHP Shared Services, LLC (Shared Services) effective December 2008. PHSPM will continue to purchase services from PHP Shared Services through the run-out period; it pays Shared Services a monthly fee for reimbursement of operating expenses.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 11 – Debt**

Not Applicable

### **Note 12 – Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

Not Applicable

### **Note 13 – Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

Not Applicable

### **Note 14 – Contingencies**

PHPSM has established a \$787,042 contingency reserve as of December 2008 to recognize the probable claims run-out costs to exit the business.

### **Note 15 – Leases**

PHPSM leases office space and telephone equipment from Allegiance, with a lease agreement in effect through December 2009. During 2008, the Company made rental payments of \$115,554. Pursuant to the lease agreement, the rent is adjusted annually based upon changes in the Consumer Price Index.

### **Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

Not Applicable

### **Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Not Applicable

### **Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

There are no gains and losses from uninsured accident and health plans or partially insured plans.

### **Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

Not Applicable

### **Note 20 – Other Items**

PHPSM elected to use rounding in reporting amounts in the statement.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 21 – Events Subsequent**

Not Applicable

### **Note 22 – Reinsurance**

PHPSM discontinued its reinsurance policy as of August 31, 2008 when its last member disenrolled.

### **Note 23 – Retrospectively Rated Contracts & Contracts Subject to Redetermination**

Not Applicable

### **Note 24 – Change in Incurred Losses and Loss Adjustment Expenses**

Not Applicable

### **Note 25 – Intercompany Pooling Arrangements**

Not Applicable

### **Note 26 – Structured Settlements**

Not Applicable

### **Note 27 – Health Care Receivables**

There are three types of health care receivables:

1. Rebates from the PBM for prescription drugs - \$141,042
2. Provider advances. In the beginning of 2007, there were delays paying claims as the result of the newly implemented computer system. Money was advanced to some providers. The delays have been resolved and providers are repaying the advances. The amount due as of June 30, 2009 is \$8,080.
3. Claim overpayments. Adjustments to paid claims and refunds from providers have resulted in overpayments due of \$41,155. These are being automatically deducted from future claim payments whenever possible.

### **Note 28 - Participating Policies**

Not Applicable

### **Note 29 – Premium Deficiency Reserves**

Not Applicable

## NOTES TO FINANCIAL STATEMENTS

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### **Note 30 – Anticipated Salvage and Subrogation**

Due to the type of business that was written with this license, the Company has no salvage. As of December 31, 2008 and 2007, the company had no specific accruals established for outstanding subrogation, as it is considered as a component of the actuarial calculations used to develop the estimates of incurred but not yet reported claims.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ( ) No (X)
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ( ) No ( )
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ( ) No (X)
- 2.2

If yes, date of change:

.....
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ( ) No (X)
- If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ( ) No (X)
- 4.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ( ) No ( ) N/A (X)
- If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2006
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/11/2006
- 6.4

By what department or departments?

MICHIGAN OFFICE OF FINANCIAL & INSURANCE REGULATIONS
- 6.5

Have any financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ( ) No ( ) N/A (X)
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes (X) No ( ) N/A ( )
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ( ) No (X)
- 7.2

If yes, give full information

.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ( ) No (X)
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ( ) No (X)
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.

Yes (X) No ( )
- 9.11

If the response to 9.1 is No, please explain:  
  
.....  
.....
- 9.2

Has the code of ethics for senior managers been amended?

Yes ( ) No (X)
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).  
  
.....  
.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ( ) No (X)
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).  
  
.....  
.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes (X) No ( )
- 10.2

If yes, indicate the amounts receivable from parent included in the Page 2 amount:

\$ ..... 10

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ( ) No (X)
- 11.2

If yes, give full and complete information relating thereto:  
  
.....  
.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ .....
13.

Amount of real estate and mortgages held in short-term investments:

\$ .....
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ( ) No (X)
- 14.2

If yes, please complete the following:
- |   | 1<br>Prior Year-End Book/<br>Adjusted Carrying Value | 2<br>Current Quarter Book/<br>Adjusted Carrying Value |
|---|--|---|
| 14.21 Bonds .....   | \$ .....   | \$ .....  |
| 14.22 Preferred Stock .....   | \$ .....   | \$ .....  |
| 14.23 Common Stock .....  | \$ .....   | \$ .....  |
| 14.24 Short-Term Investments .....  | \$ .....   | \$ .....  |
| 14.25 Mortgage Loans on Real Estate .....   | \$ .....   | \$ .....  |
| 14.26 All Other .....   | \$ .....   | \$ .....  |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26) ..... | \$ .....   | \$ .....  |
| 14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above .....                       | \$ .....   | \$ .....  |
- 15.1

Has the reporting entity entered into any hedging transactions reported on schedule DB?

Yes ( ) No (X)
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
  
If no, attach a description with this statement.

Yes ( ) No ( )



GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted . )

16. Excluding items in Schedule E - Part 3 - Special Deposits , real estate , mortgage loans and investments held physically in the reporting entity's offices , vaults or safety deposit boxes , were all stocks , bonds and other securities , owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations , F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes (X) No ( )

- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook , complete the following:

1 Name of Custodian (s)	2 Custodian Address
.....	.....
.....	.....
.....	.....

- 16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook , provide the name , location and a complete explanation:

1 Name (s)	2 Location(s)	3 Complete Explanation (s)
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 16.3 Have there been any changes , including name changes , in the custodian (s) identified in 16.1 during the current quarter?

Yes ( ) No (X)

- 16.4 If yes , give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

- 16.5 Identify all investment advisors , brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts , handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes (X) No ( )

- 17.2 If no , list exceptions:

.....  
.....

**Page 12**  
Schedule S - Ceded Reinsurance  
**NONE**

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.	1		Direct Business Only Year to Date							
	Active Status		2	3	4	5	6	7	8	9
			Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Column 2 Through Column 7	Deposit-Type Contracts
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	L								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	X X X								
59. Subtotal		X X X								
60. Reporting entity contributions for Employee Benefit Plans		X X X								
61. Total (Direct Business)	(a)	1								
DETAILS OF WRITE-INS										
5801.										
5802.										
5803.										
5898.	Summary of remaining write-ins for Line 58 from overflow page									
5899.	Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)									

(a) Insert the number of "L" responses except for Canada and Other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**

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**NONE**

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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing . However , in the event that your company does not transact the type of business for which the special report must be filed , your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below . If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATIONS and provide an explanation following the interrogatory questions .

	RESPONSE
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

EXPLANATIONS:

N/A

BAR CODE:

Document Identifier 365:



SCHEDULE A - VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition . . .		
2.2 Additional investment made after ac		
3. Current year change in encumbrances . . .		
4. Total gain (loss) on disposals . . . . .		
5. Deduct amounts received on disposals . .		
6. Total foreign exchange change in book/ad		
7. Deduct current year's other than temporar		
8. Deduct current year's depreciation . . . .		
9. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus		
Line 5 plus Line 6 minus Line 7 plus Line 8) . . . . .		
10. Deduct total nonadmitted amounts . . . . .		
11. Statement value at end of current period (Line 9 minus Line 10) . . . . .		

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition . . .		
2.2 Additional investment made after ai		
3. Capitalized deferred interest and other . .		
4. Accrual of discount . . . . .		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals . . . . .		
7. Deduct amounts received on disposals . .		
8. Deduct amortization of premium and mort		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest . . . . .		
10. Deduct current year's other than temporary impairment recognized . . . . .		
11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus		
Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10) . . . . .		
12. Total Valuation Allowance . . . . .		
13. Subtotal (Line 11 plus Line 12) . . . . .		
14. Deduct total nonadmitted amounts . . . . .		
15. Statement value at end of current period (Line 13 minus Line 14) . . . . .		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition . . .		
2.2 Additional investment made after ai		
3. Capitalized deferred interest and other . .		
4. Accrual of discount . . . . .		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals . . . . .		
7. Deduct amounts received on disposals . .		
8. Deduct amortization of premium and depreciation . . . . .		
9. Total foreign exchange change in book/adjusted carrying value . . . . .		
10. Deduct current year's other than temporary impairment recognized . . . . .		
11. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus		
Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10) . . . . .		
12. Deduct total nonadmitted amounts . . . . .		
13. Statement value at end of current period (Line 11 minus Line 12) . . . . .		

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year . . . . .	1,969,803	4,854,175
2. Cost of bonds and stocks acquired . . . . .		2,154,769
3. Accrual of discount . . . . .	673	4,230
4. Unrealized valuation increase (decrease) . . . . .		
5. Total gain (loss) on disposals . . . . .		39,911
6. Deduct consideration for bonds and stocks disposed of . . . . .	440,000	5,059,209
7. Deduct amortization of premium . . . . .	6,972	24,073
8. Total foreign exchange change in book/adjusted carrying value . . . . .		
9. Deduct current year's other than temporary impairment recognized . . . . .		
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus		
Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9) . . . . .	1,523,504	1,969,803
11. Deduct total nonadmitted amounts . . . . .		
12. Statement value at end of current period (Line 10 minus Line 11) . . . . .	1,523,504	1,969,803

SCHEDULE D - PART 1B

Showing the Acquisitions , Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a) .....	4,245,199	2,981,580	4,950,553	(3,399)	4,245,199	2,272,827		4,361,711
2. Class 2 (a) .....	124,431			240	124,431	124,671		
3. Class 3 (a) .....								
4. Class 4 (a) .....								
5. Class 5 (a) .....								
6. Class 6 (a) .....								
7. Total Bonds .....	4,369,630	2,981,580	4,950,553	(3,159)	4,369,630	2,397,498		4,361,711
PREFERRED STOCK								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock .....								
15. Total Bonds and Preferred Stock .....	4,369,630	2,981,580	4,950,553	(3,159)	4,369,630	2,397,498		4,361,711

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:  
NAIC 1 \$ 873,996 ; NAIC 2 \$ ; NAIC 3 \$ ; NAIC 4 \$ ; NAIC 5 \$ ; NAIC 6 \$

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999 Totals .....	2,271,172	X X X	2,271,172	372	.....

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book / adjusted carrying value, December 31 of prior year .....	3,744,841	11,948,794
2. Cost of short-term investments acquired .....	3,102,640	3,268,997
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		564
6. Deduct consideration received on disposals .....	4,576,309	11,470,845
7. Deduct amortization of premium .....		2,669
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....	2,271,172	3,744,841
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	2,271,172	3,744,841



**Page SI04**

Schedule DB, Pt. F, Section 1, Replicated (Synthetic) Assets Open  
**NONE**

**Page SI05**

Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets  
**NONE**

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	1,842,966	1,842,966
2. Cost of short-term investments acquired .....		
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....	34,548	
5. Total gain (loss) on disposals .....		
6. Deduct consideration received on disposals .....	1,016,087	
7. Deduct amortization of premium .....		
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....	861,427	1,842,966
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	861,427	1,842,966

**Page E01**

Sch. A, Pt. 2, Real Estate Acquired  
**NONE**

Sch. A, Pt. 3, Real Estate Disposed  
**NONE**

**Page E02**

Schedule B, Part 2, Mortgage Loans Acquired  
**NONE**

Schedule B, Part 3, Mortgage Loans Disposed  
**NONE**

**Page E03**

Sch. BA, Pt. 2, Other Long-Term Invested Assets Acquired  
**NONE**

Sch. BA, Pt. 3, Other Long-Term Invested Assets Disposed  
**NONE**

**Page E04**

Schedule D, Part 3, Long-Term Bonds and Stocks Acquired  
**NONE**

**Page E05**

Schedule D, Part 4, Long-Term Bonds and Stocks Disposed Of  
**NONE**

**Page E06**

Schedule DB, Part A, Section 1  
**NONE**

Schedule DB, Part B, Section 1  
**NONE**

**Page E07**

Schedule DB, Part C, Section 1  
**NONE**

Schedule DB, Part D, Section 1  
**NONE**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	*
Name	Location and Supplemental Information					First Month	Second Month	Third Month	
Open Depositories									
Sweep accounts	Comerica Bank					28,837	219,910	(76,544)	
0199999 - TOTAL - Open Depositories						28,837	219,910	(76,544)	
0399999 - TOTAL Cash on Deposit						28,837	219,910	(76,544)	
0599999 - TOTALS						28,837	219,910	(76,544)	

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book / Adjusted Carrying Value	Amount of Interest Due and Accrued	Amount Received During Year
Sweep Accounts							
Sweep Accounts .....					861,427		
8499999 - Sweep Accounts .....					861,427		
8699999 - Total Cash Equivalents .....					861,427		